

Gaylord, Brent

Subject: FW: Finance Questions on the LTCPs

From: Iyer, Sangamithra [mailto:Sangamithral@dep.nyc.gov]

Sent: Friday, February 09, 2018 4:57 PM

To: Gaylord, Brent <Gaylord.Brent@epa.gov>

Cc: Mahoney, Keith <kmahoney@dep.nyc.gov>; Licata, Angela <AngelaL@dep.nyc.gov>; Meagher, Dylan <DMeagher@dep.nyc.gov>

Subject: RE: Finance Questions on the LTCPs

Hi Brent,

Welcome back and congratulations!

I just returned to the office today. Regarding your latest inquiry, the costs in Table A were based on a few things as discussed below.

1. All costs in Table A were based on the approved 10 year Capital Improvement Plan (CIP) budget for DEP. This included the latest costs that were developed by our Bureau of Engineering Design and Construction (BEDC) portfolio managers and incorporated into the ten year plan. These portfolio manager cost estimates included design, construction management (CM), and construction, which were typically different than the costs in the LTCPs. So the costs for Alley Creek, Flushing Creek, Hutchinson River, Flushing Bay, and Bronx River were based on Portfolio Manager costs and differed slightly from approved LTCPs.
2. Only a portion of the costs for Newtown Creek and Flushing Bay was included in the first 10 years, as explained on footnote 5 based on funding allocated in the existing DEP 10 year plan that would likely go to design and preliminary site work. The costs for Newtown Creek were based on LTCP but escalated out to mid-point of construction and costs for CM + Design were added. Again, we made sure the first 10 year costs matched DEP CIP budget allocation.
3. Costs in most of the submitted LTCPs were the Probably Bid Cost in current years (2015-2017 dollars) and these costs were just for construction and didn't include 16% for design and 10% for CM (16% your referring too).
4. The submitted LTCPs also didn't include costs for land acquisition. We included preliminary estimates on Table A to make sure we captured the likely entire project capital costs.

Let us know if that helps and if you need anything else.

Thank you,
Sangu

Sangamithra Iyer, P.E. | **Director** | NYC Environmental Protection
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From: Meagher, Dylan

Sent: Tuesday, February 06, 2018 3:43 PM

To: Gaylord, Brent <Gaylord.Brent@epa.gov>

Cc: Iyer, Sangamithra <Sangamithral@dep.nyc.gov>

Subject: RE: Finance Questions on the LTCPs

Hi Brent, Thank you for the follow up question. We should be able to reply to you by EOB, Friday.

I hope all is well.

Dylan

Dylan Meagher | Chief of Staff, Bureau of Sustainability | NYC Environmental Protection

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From: Gaylord, Brent [<mailto:Gaylord.Brent@epa.gov>]

Sent: Tuesday, February 6, 2018 3:18 PM

To: Meagher, Dylan <DMeagher@dep.nyc.gov>

Cc: Iyer, Sangamithra <Sangamithral@dep.nyc.gov>

Subject: Finance Questions on the LTCPs

Hi Dylan,

In late January, EPA compared NYCDEP's most recent (at the time) cost estimates for the 100% CSO control projects as provided in Table C (scaled back from the midpoint of construction to year 2018 dollars) to the costs for the 100% CSO control projects presented in the LTCPs (scaled up from the date of the LTCP to year 2018 dollars). We added 26% to the costs from the LTCPs to account for design, DSDC, and construction management in order to try to match the Table C costs. Initially, there were significant gaps when comparing these two sets of costs normalized to 2018 dollars. Based on a follow-up question, NYCDEP revised the mid-point of construction years provided in Table C. As a result, the gaps between the costs for the 100% CSO control projects calculated from the LTCPs and the costs in Table C submitted by the city (both in 2018 dollars) are now minimal.

We are now trying to perform the same reconciliation for the LTCP cost estimates we did for the 100% CSO control cost estimates. But in many cases, the construction costs from the LTCP + 26% for other project costs are greater than the Table A costs for the same project. We are wondering if the remaining differences and the inconsistency in those differences from project to project are because:

1. The mid-point of construction identified for some projects in Table A is not correct (the same issue identified for the Table C costs) or
2. Our assumption that NYCDEP used +26% for design, construction management, and other non-construction costs for the Table A projects is incorrect or
3. NYCDEP used a different construction cost estimation approach for Table A than it used for the original estimates in the LTCPs (NYCDEP previously noted that that capital costs provided in Table A were based on funding allocated in the DEP Capital Budget for LTCP projects in procurement).

Could NYCDEP provide further clarity by updating Table A in the same way it updated Table C and including its "Unescalated Construction Costs" and "Unescalated Capital Costs" so that the starting point for each cost estimate is stated in the table?

Let me know if this is something you can get me by the end of the week?

Thanks,

Brent

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From: Meagher, Dylan [<mailto:DMeagher@dep.nyc.gov>]
Sent: Wednesday, January 31, 2018 9:53 AM
To: Gaylord, Brent <Gaylord.Brent@epa.gov>
Subject: RE: EPA - FW: Final questions on the LTCPs. Many thanks.

Hi Brent,

Yes, the WB voted to repeal the 2.1% rate increase on 1/26/18. The wastewater rate will remain at \$6.06 per hcf during FY 2018.

The meeting materials are available at:

http://www.nyc.gov/html/nycwaterboard/pdf/minutes_and_resolutions/wb-materials-20180126.pdf

And, a video recording of the meeting is available at:

https://www.youtube.com/watch?v=zUwh_ymeGh4&index=1&list=PLcLNnQfI92DdFRGxTsGhPDhrcGel-iZAW

The video recording shows the voice vote. Official meeting minutes won't be available until mid/late February.

Best,
Dylan

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From: Gaylord, Brent [<mailto:Gaylord.Brent@epa.gov>]
Sent: Wednesday, January 31, 2018 9:13 AM
To: Meagher, Dylan <DMeagher@dep.nyc.gov>
Subject: RE: EPA - FW: Final questions on the LTCPs. Many thanks.

Hi Dylan,

I was hoping to follow up on the Water Board public hearing /public meeting that was scheduled for Friday January 26, 2018. Did the Board make the decision to repeal the 2.1% increase? If so, is the wastewater rate still \$6.06 per hcf? If not, can you let me know what the new wastewater rate is?

Thanks,

Brent

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